

In this struggling economy it is essential for politicians to take a step back and think about what government has been doing to business in this country. In less than 200 years, the free market, property rights, and respect for the rule of law took this nation from a rough frontier to a global economic superpower. Today, however, our nation and our economy clearly are headed in the wrong direction.

Of course, America has never enjoyed absolute free-market capitalism: creeping government intrusion and special interest political patronage have existed and increased since our founding.

But America historically has permitted free markets to operate with less government interference than other nations, while showing greater respect for property rights and the rule of law. Less government, respect for private property, and a relatively stable legal environment allowed America to become the wealthiest nation on earth.

By contrast, the poorest nations almost always demonstrate hostility for free markets, private property, and the rule of law. Capital formation, entrepreneurship, credit, and wealth accumulation are uniformly discouraged in poor countries. Private contracts are not reliably enforced, and private property is not secure in the hands of owners. The predictable result is widespread poverty and misery.

First and foremost, the role of government in business should be limited to resolving contractual disputes. As long as both parties of a contract enter into the arrangement willingly, without coercion, and with complete and accurate information, they should be expected to live up to their end of the deal. When a party cannot or will not honor the terms of a contract, it is acceptable for government to provide a court system to resolve disputes in a fair and impartial way.

Government should not dictate the terms of a contract to the parties involved. However, throughout the 20

th

century, our government became increasingly comfortable mandating terms that politicians find acceptable without regard to what businesses or their customers might want. This interference has had a chilling effect on the economy.

For example, government increases labor costs through minimum wage laws, union requirements, healthcare mandates, and various other stipulations that decrease a business's capacity to hire as many employees as they might otherwise. And because they can only hire a few, they must reserve those spots only for top candidates. Thus, a teenager or a handicapped individual may miss out on job opportunities and work experience because of government-created job shortages. What if someone was willing to work for less than the government-mandated minimum wage, and a business was willing to give them a chance? Government makes this illegal, and both the business and the worker are worse off for it.

By contrast, business flourishes when government gets out of the way. One example is playing out in the 14<sup>th</sup> congressional district in Texas. A major multinational company, Caterpillar, is building an assembly facility in Victoria, Texas, rather than in one of the heavily unionized midwest states where it operates other plants. Texas, as a "right to work" state, offers more manageable labor costs. It also offers a more business-friendly regulatory landscape, and an overall lower tax burden with no corporate income tax. I am pleased that because of this, the people of Victoria will be rewarded with more job opportunities.

Freedom and a restrained government are what made us an economic power house. If we keep chasing businesses away with onerous taxes, mandates, and regulations, they will eventually leave. The best approach to our economic woes that will help the most people is simple: get back to the Constitution and demonstrate respect for free markets, private property, and the rule of law.